

Service Date: May 21, 1985

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

IN THE MATTER Of The Application) DOCKET NO. 84.9.59
Of Mountain Water Company For)
Authority to Increase Rates And) ORDER NO. 5139
Charges For Water Service In Its)
Missoula, Montana Service Area.)

INTERIM RATE ORDER
APPEARANCES

FOR THE APPLICANT:

John Alke
Attorney at Law
P.O. 80x 1166
Helena, MT 59624

FOR THE INTERVENORS:

John Allen
Staff Attorney
Montana Consumer Counsel
34 West 6th Avenue
Helena, MT 59620

Sam Warren
Deputy City Attorney
Representing City of Missoula
201 West Spruce
Missoula, MT 59802

FOR THE COMMISSION:

Robert Nelson
Staff Attorney
2701 Prospect Avenue
Helena, MT 59620

BEFORE:

Howard Ellis, Commissioner
Clyde Jarvis, Commissioner
Tom Monahan, Commissioner

FINDINGS OF FACT

1. On September 26, 1984, Mountain Water Company (Applicant or MWC) filed an application with this Commission for authority to increase rates and charges for water service in its Missoula, Montana service area. The Applicant proposes a permanent increase of approximately 29.5%, which constitutes an annual revenue increase of approximately \$973,248.
2. On April 16, 1985, pursuant to notice of public hearing, a hearing was held in the Missoula County Courthouse, Missoula, Montana. The purpose of the public hearing was to consider the merits of the Applicant's proposed water rate adjustment. At the close of the public hearing, the Applicant requested that the Commission authorize an interim revenue increase in the amount of \$308,978.
3. The interim revenue increase requested by the Applicant, is the recommended revenue increase determined appropriate by the expert witness of the Montana Consumer Counsel in his prefiled testimony.
4. One of the major issues in this Docket was the treatment that should be afforded net operating loss carry forwards and their impact on the revenue requirements of the Applicant. The Consumer Counsel's recommended revenue increase recognizes a two year amortization of the loss carry forwards, but the prefiled testimony of its expert witness includes testimony which utilizes the full amount of the loss carry forward in one year and reduces the necessary revenue increase to \$4,418.
5. The parties in this case are briefing the issue of the treatment that should be afforded net operating loss carry forwards and the Commission is of the opinion, that until briefing of this issue is completed and its effect on the revenue requirement of the Applicant quantified, no increase in rates should be authorized.
6. The Commission finds that the Applicant's request for interim rate relief should be denied.

CONCLUSIONS OF LAW

1. Mountain Water Company is a public utility furnishing water service to customers in the Missoula, Montana area, and is subject to the supervision, regulation and control of this Commission. Section 69-3-102, MCA.

2. Section 69-3-304, MCA, provides in part, "The Commission may in its discretion, temporarily approve increases pending a hearing or final decision."
3. The Commission concludes that denial of an interim rate increase for the reasons set forth here, is just, reasonable and within the discretion granted by Section 69-3-304 MCA.

ORDER

THEREFORE THE MONTANA PUBLIC SERVICE COMMISSION ORDERS THAT:

1. Mountain Water Company is hereby denied authority to implement on an interim basis increased rates for its Missoula, Montana customers, designed to generate annual revenue in the amount of \$308,978.

DONE IN OPEN SESSION THIS 20th day of May, 1985 by a vote of 4-0 at Helena, Montana.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

Clyde Jarvis, Chairman

Howard L. Ellis, Commissioner

Tom Monahan, Commissioner

John B. Driscoll, Commissioner

Trenna Scoffield
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See ARM 38.2.4806.